Botala Energy Ltd

ABN 41 626 751 620

Interim Report - 31 December 2023

The Directors present their report, together with the financial statements, on the consolidated entity ('Group') consisting of Botala Energy Ltd ('Botala', the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2023.

Directors
The following persons were Directors of Botala Energy Ltd during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Dr Wolf Gerhard Martinick	Director and Chairman
Mr Craig Basson	Director, Chief Financial Officer and Company Secretary
Mr Peter Desmond Grant	Non-executive Director

The Directors have been in office since the start of the financial year to the date of this report.

Mr Kris Francis Martinick is the Company's CEO.

Principal activities
The principal activity of Botala during the period was focused on coal-bed methane (CBM) exploration and development of renewable energy in Botswana.

No significant changes to the nature of Botala's activity occurred during the financial period.

Dividends
There were no dividends paid, recommended or declared during the current or previous financial half-year.

Review of operations
The loss for the Group after providing for income tax amounted to $990,679 (31 December 2022: $663,336).

A review of Botala's operations during the financial period, and the results of those operations, is as follows:

Fund Raising

Botala completed an A$805,000 Institutional Placement in September 2023 to advance it's drilling and flow-testing programmes. The Botala Board participated in this placement with an investment of A$525,000 in November 2023.
In addition, Botala secured A$2.4 million through an oversubscribed placement in December 2023, receiving strong backing from both new and existing investors, of which A$1,658,200 was receipted at 31 December 2023. This additional financial injection, with the issue price representing an 8.4% premium to the 10-day VWAP, is earmarked to support the completion of the commercial pilot programme and planning of renewable energy projects, including a Solar Panel Manufacturing Plant in Botswana. The Botala Board participated in the second placement by contributing A$775,000 which is subject to shareholder approval.

Dual Listing on the Botswana Stock Exchange

During the period Botala completed a dual listing on the Botswana Stock Exchange (BSE) by way of introduction to the BSE Foreign Main Board, effective 22 November 2023. This strategic move broadens Botala's investor base and enhances liquidity. Botala will adhere to the ASX Listing Rules for all announcements on the ASX and BSE. Botala's shares are tradeable on both the ASX and BSE, with Computershare Investor Services Pty Ltd overseeing reconciliation of share registers between the two exchanges.

Botala appointed Imara Capital Securities (Pty) Ltd as its sponsor and sponsoring broker on the BSE. A waiver from the BSE was received, eliminating the need for a public offer of shares concurrent with the dual listing.

Drilling

During the period Botala commenced its inaugural Commercial Pilot Programme, Project Pitse. Project Pitse is a 5-Pilot Well programme around the Serowe 3-1 well (formally Serowe-3). The decision to proceed with drilling four additional wells was based on continuing build-up of gas at Serowe 3-1 which was subsequently flared. The temporary gas flow indicated the coals are at their desorption pressure point and demonstrated good permeability. Serowe 3-1 successfully flared for 22 minutes measuring a change in pressure of 22psi. The test on this well was 'open hole' meaning that the well is open to all three coal seams in the area. All well testing on Project Pitse going forward will be part of developing Project Pitse for commercial production.

Botala completed three of the four planned Pilot Wells. Drilling of the remaining well was deferred to the new year after core sampling. The three wells intercepted significant coal sections, with Serowe 3-2, 3-3 and 3-5 intercepting 35M, 24M and 31M respectively of net coal across the targeted 3 seams. Successful completion of these wells on time and under budget underscores Botala's operational efficiency and the high potential of the Serowe CBM gas project.

The Serowe Coal Seam (the primary target) showed the same characteristics as the initial Serowe 3-1 well. The logging results extend the area of the targeted coals in the upper seams within Botala’s ~420,000ha tenement area.

Project Pitse, as Botala’s first Commercial Pilot Project, demonstrated promising results with Serowe 3-1's initial flaring producing an unstabilised peak flow rate of 42 thousand standard cubic feet of CBM per day. This bolsters confidence in achieving the target commercial flow rate from the 5-well cluster.

Geophysical surveys

Botala completed geophysical surveys over the exploration well sites. The objective being to identify and avoid small faults, fractures and igneous intrusions not identified on Botala’s regional database. Logging results provided important information and improved the understanding of geophysical structures and ensured suitable positioning of Botala’s well locations.

EIA progress and stakeholder engagement

Environmental approval was expected from the Department of Environmental Affairs (DEA) via an Environmental Impact Assessment (EIA) in December (and subsequently granted in early January 2024) for commercial development of the Serowe CBM gas field, complete with on-site compression and liquefication of CBM into Compressed and Liquefied Natural Gas (CNG and LNG), and a ~100km pipeline to deliver CBM from the gasfield to the proposed Leupane Energy Hub and Industrial Park near the town of Palapye, on Botala’s 1520ha sublease from the local community based Ngwato Development Trust.

Botala’s EIA for development of its Serowe Energy Hub is in the final stages of appraisal by DEA. This requests approval for establishment of a standalone 4MW solar farm to supply electricity to Botswana Power Corporations (BPC) substation in Serowe, plus a 10MW solar/10MW CBM gas hybrid power plant that will also feed into BPC’s local grid; storage and distribution facilities for LNG to be produced from CBM; offices, workshops and storage facilities; and a small market gardening operation to generate additional employment.

The EIA for development of Botala’s Leupane Energy Hub and Industrial Park is also at an advanced stage of appraisal by DEA. This seeks approval for the staged development of a 700MW solar/gas hybrid plant, and further LNG facilities, development of an Industrial Park with access to reliable and affordable electricity, a solar panel manufacturing plant, and a mineral beneficiation plant to annually process 450,000 tonnes of copper concentrates. Botala’s interest in the mineral beneficiation plant, should it be developed, is to provide land identified in an independent separate prefeasibility study as a suitable site for such a plant, environmental approvals, and gas and electricity for mineral processing.

Solar energy and renewables

During the period Botala further developed its relationship with Solar Finland Ltd (Solar Finland) to jointly investigate providing photovoltaic (PV) panels for future solar developments and complete a business model to establish a PV panel manufacturing plant in Botswana. This is in line with the Botswana’s aspirations to develop new high technology manufacturing industries in Botswana.

Botala and Solar Finland have developed a business case for establishing a PV panel manufacturing plant in Botswana. Botala secured an Economic Zone Licence for this plant on its Leupane Energy Hub and Industrial Park, giving it significant taxation and tariff benefits. The companies have focused on identifying potential partners and customers to rapidly grow the solar and energy business.

Schedule of leases at 31 December 2023

All CBM licences within Botswana are in good standing having satisfied the required commitments.

PL Number	Expiry Date	Status
016/2018	31/03/2025	Current
018/2018	31/03/2025	Current
019/2018	31/03/2025	Current
356/2018	30/09/2025	Current
357/2018	30/09/2025	Current
400/2018	30/09/2025	Current
055/2021	31/03/2024	Being reviewed

Significant changes in the state of affairs
There were no significant changes in the state of affairs of the Group during the financial half-year.

Matters subsequent to the end of the financial half-year
The following matters were announced to the market subsequent to the end of the period:

- Environmental approval for the development of CBM was granted by the Department of Environment in January 2024.
- Coring and desorption testing programme commenced at Project Pitse in February 2024, with the geophysics campaign for three exploration wells completed.
- On 23 January 2024, A$375,000 was receipted by the Company for a share capital application totalling A$750,000, with the remaining A$375,000 being receipted on 8 March 2024.

No other matter or circumstance has arisen since 31 December 2023 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Likely developments and expected results of operations
Likely developments in the operations of Botala, and the expected results of those operations in future financial periods, have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to Botala.

Environmental Issues
Botala's operations are not regulated by any significant environmental regulation under a law of the Commonwealth of Australia, or of a State or Territory in Australia.

Auditor's independence declaration
A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this Directors' report.

This report is made in accordance with a resolution of Directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the Directors

Wolf Gerhard Martinick
Executive Chairman

12 March 2024

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the consolidated financial report of Botala Energy Ltd for the half-year ended 31 December 2023, I declare that to the best of my knowledge and belief, there have been no contraventions of:

a) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

b) any applicable code of professional conduct in relation to the review.

Perth, Western Australia
12 March 2024

B G McVeigh
Partner

General information

The financial statements cover Botala Energy Ltd as a Group consisting of Botala Energy Ltd and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is Botala Energy Ltd's functional and presentation currency.

Botala Energy Ltd is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Registered office

24 Hasler Road, Osborne Park WA 6017

Principal place of business

Unit 2, 22 Mounts Bay Road, Crawley WA 6009

A description of the nature of the Group's operations and its principal activities are included in the Directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 12 March 2024.

Botala Energy Ltd
Condensed consolidated statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2023

	Note	Consolidated 31 December 2023 $	31 December 2022 $
Other income			
Interest received		17,250	43,843
Expenses			
Share of loss of equity accounted investee	6	(495,618)	(167,469)
Employee benefits expense		(136,643)	(300,948)
Finance costs		(37,395)	(2,900)
Consultancy costs		(104,978)	(33,544)
Marketing costs		(13,914)	(48,113)
Depreciation		(8,045)	-
Administration costs		(211,336)	(107,818)
Loss before income tax (expense)		(990,679)	(616,949)
Income tax (expense)	4	-	(46,387)
Loss after income tax (expense) for the half-year attributable to the owners of Botala Energy Ltd		(990,679)	(663,336)
Other comprehensive (loss)/income			
Items that will not be reclassified subsequently to profit or loss			
Gain on the revaluation of equity instruments at fair value through other comprehensive income, net of tax		-	30,952
Joint venture foreign currency translation		145,337	(41,648)
Exchange differences arising on translation of foreign operations		3,614	-
Other comprehensive (loss)/income for the half-year, net of tax		148,951	(10,696)
Total comprehensive (loss) for the half-year attributable to the owners of Botala Energy Ltd		(841,728)	(674,032)
		Cents	**Cents**
Basic loss per share		(0.69)	(0.49)
Diluted loss per share		(0.69)	(0.49)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Botala Energy Ltd
Condensed consolidated statement of financial position
As at 31 December 2023

	Note	Consolidated 31 December 2023 $	30 June 2023 $
Assets			
Current assets			
Cash and cash equivalents		1,926,484	1,866,802
Trade and other receivables	5	121,377	150,427
Other assets		69,697	53,622
Total current assets		2,117,558	2,070,851
Non-current assets			
Investments in joint venture	6	13,220,316	11,622,225
Other receivables	7	258,401	-
Property, plant & equipment	8	506,148	85,721
Right-of-use assets	9	545,775	557,592
Total non-current assets		14,530,640	12,265,538
Total assets		16,648,198	14,336,389
Liabilities			
Current liabilities			
Trade and other payables	10	1,111,091	474,940
Total current liabilities		1,111,091	726,769
Non-current liabilities			
Lease liabilities	11	596,864	585,280
Total non-current liabilities		596,864	585,280
Total liabilities		1,707,955	1,060,220
Net assets		14,940,243	13,276,169
Equity			
Issued capital	12	15,745,051	13,372,240
Reserves	13	959,701	677,759
Accumulated losses		(1,764,509)	(773,830)
Total equity		14,940,243	13,276,169

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

Consolidated	**Issued capital $**	**Reserves $**	**Accumulated losses $**	**Total equity $**
Balance at 1 July 2022	13,388,571	1,150,541	100,288	14,639,400
Loss after income tax expense for the half-year	-	-	(663,336)	(663,336)
Other comprehensive loss for the half-year, net of tax	-	(10,696)	-	(10,696)
Total comprehensive loss for the half-year	-	(10,696)	(663,336)	(674,032)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs (note 12)	(16,331)	-	-	(16,331)
Transfer from disposal of financial assets through other comprehensive income	-	(425,988)	425,988	-
Balance at 31 December 2022	13,372,240	713,857	(137,060)	13,949,037

Consolidated	**Issued capital $**	**Reserves $**	**Accumulated losses $**	**Total equity $**
Balance at 1 July 2023	13,372,240	677,759	(773,830)	13,276,169
Loss after income tax expense for the half-year	-	-	(990,679)	(990,679)
Other comprehensive income for the half-year, net of tax	-	148,951	-	148,951
Total comprehensive income/(loss) for the half-year	-	148,951	(990,679)	(841,728)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs (note 12)	2,372,811	-	-	2,372,811
Options issued to brokers	-	132,991	-	132,991
Balance at 31 December 2023	15,745,051	959,701	(1,764,509)	14,940,243

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

	Consolidated	
	31 December 2023 $	**31 December 2022 $**
Cash flows from operating activities		
Payments to suppliers (inclusive of GST)	(323,396)	(493,946)
Interest received	17,249	43,843
Net cash used in operating activities	(306,147)	(450,103)
Cash flows from investing activities		
Payment for joint venture costs/interest	(2,538,149)	(2,037,619)
Proceeds from disposals of financial assets at fair value through other comprehensive income	-	625,328
Net cash used in investing activities	(2,538,149)	(1,412,291)
Cash flows from financing activities		
Proceeds from issue of shares	2,988,199	-
Share issue transaction costs	(84,221)	(455,060)
Net cash (used in)/generated from financing activities	2,903,978	(455,060)
Net (decrease)/increase in cash and cash equivalents	59,682	(2,317,454)
Cash and cash equivalents at the beginning of the financial half-year	1,866,802	5,825,416
Cash and cash equivalents at the end of the financial half-year	1,926,484	3,507,962

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes

Note 1. Significant accounting policies

These general purpose condensed financial statements for the interim half-year reporting period ended 31 December 2023 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose condensed financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2023 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Going concern

The consolidated financial statements have been prepared on a going concern basis which contemplates continuity of normal business activities and realisation of assets and settlement of liabilities in the normal course of business and at the amounts stated in the financial statements.

Notwithstanding the fact that the Group incurred a loss of $990,679 and net cash used in operating activities of $306,147 and investing activities of $2,538,149 for the period, the Directors are of the opinion that the Group is a going concern. The Group has net current assets of $1,006,467 net asset surplus of $14,940,243.

Given the potential funding options and cash management initiatives noted below, the Directors believe the going concern basis is appropriate:

- The Group will continue to exercise appropriate cash management and monitoring of operating cashflows according to exploration success. Future exploration expenditure is generally discretionary in nature and exploration activities may be slowed or suspended as part of the Group's cash management strategy.
- The Group has demonstrated its ability to raise capital via equity placements to shareholders during the period. Given the strong support of substantial shareholders and the prospectivity of the Group's current projects the Directors are confident that any future capital raisings will be successful.

After consideration of the above factors together with a review of the Group's financial position and forecast cash flows, the Directors reasonably expect the Group will be able to generate sufficient future cashflows to ensure the Group is able to continue as a going concern for a period of at least 12 months from the date of approval of these financial statements. However, should results be materially worse than expected and/or the Group is unable to generate any additional funding required, there would exist a material uncertainty which could cast significant doubt as to whether the Group would in such circumstances be able to continue as a going concern and realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial statements.

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Note 2. Critical accounting judgements, estimates and assumptions (continued)

Share-based payment transactions
The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Fair value measurement hierarchy
The Group is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

The fair value of assets and liabilities classified as Level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

Estimation of useful lives of assets
The Group determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets
The Group assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Income tax
The Group is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on the Group's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Recovery of deferred tax assets
Deferred tax assets are recognised for deductible temporary differences only if the Group considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Note 3. Operating segments

Identification of reportable operating segments
The Group is organised into one operating segment: exploration. This operating segment is based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources.

The information reported to the CODM is on a monthly basis.

Note 3. Operating segments (continued)

Geographical information

	Consolidated	
	31 December 2023 $	30 June 2023 $
Geographical non-current assets		
Australia	402,625	85,721
Botswana	14,128,016	12,179,817
	14,530,641	12,265,538

Note 4. Income tax expense/(benefit)

	Consolidated	
	31 December 2023 $	31 December 2022 $
Numerical reconciliation of income tax expense/(benefit) and tax at the statutory rate		
Loss before income tax (expense)/benefit	(990,679)	(616,949)
Tax at the statutory tax rate of 30%	(297,204)	(185,085)
Current half-year tax losses not recognised	18,618	15,171
Adjustment to deferred tax balances	-	46,387
Tax on sale of financial assets at fair value through other comprehensive income	-	169,914
Movement in unrecognised deferred tax assets	278,586	-
Income tax expense/(benefit)	-	46,387

	Consolidated	
	31 December 2023 $	30 June 2023 $
Amounts credited directly to equity		
Deferred tax liabilities	-	(192,000)

Note 5. Current assets - trade and other receivables

	Consolidated	
	31 December 2023 $	30 June 2023 $
Goods and services tax receivable	16,308	87,129
Other receivables	105,069	63,298
	121,377	150,427

Note 6. Non-current assets - investments in joint venture

	Consolidated	
	31 December 2023 $	30 June 2023 $
Investment in equity accounted joint venture	13,220,316	11,622,225

Reconciliation
Reconciliation of the carrying amounts at the beginning and end of the current financial half-year and previous financial full-year are set out below:

	6 months to 31 December 2023 $	12 months to 30 June 2023 $
Opening carrying amount	11,622,225	8,681,625
Loss after income tax	(495,618)	(445,205)
Additions	1,948,372	3,435,454
Movement through other comprehensive income	145,337	(49,649)
Closing carrying amount	13,220,316	11,622,225

Refer to note 18 for further information on interests in joint ventures.

Botala historically entered into a contract with Strata-X Australia Pty Ltd (Strata-X) to farm-in to 49% of the Retention Licences and Tenements held by Strata-X's wholly owned subsidiary Sharpay Enterprises (Pty) Ltd.

Strata-X Australia Pty Ltd is a wholly owned subsidiary of Pure Hydrogen Corporation Ltd (ASX: PH2).

Botala was appointed as the Operator on 1 January 2021 and will retain its 49% interest by spending $6.1m by December 2023, which was achieved by 30 June 2023.

When listing on the ASX in July 2022, the Company agreed to acquire a further 21% of Strata-X's participating interest in Sharpay Enterprises (Pty) Ltd. The consideration price was 27,236,557 BTE ordinary shares issued to PH2, which amounted to $5,447,311.

At half-year the Group had a legal interest of 70% of Sharpay Enterprises (Pty) Ltd.

At the date of this report $7,975,122 (June 2023: $6,309,737) had been spent.

The Joint Venture Agreement between Botala and Strata-X operates under joint control.

Note 7. Non-current assets – other receivables

	Consolidated	
	31 December 2023 $	30 June 2023 $
Other receivables[1]	258,401	-
	258,401	-

[1] Botswana Power Corporation (BPC) tender completed during the period with the outcome to be released in the March 2024 Quarter.

Note 8. Property, plant and equipment

	Consolidated	
	31 December 2023 $	30 June 2023 $
Non-current assets		
Computer equipment - at cost	3,195	3,195
Less: Accumulated depreciation	(570)	(35)
	2,625	3,160
Assets under construction[1]	103,523	82,561
Equipment[2]	400,000	-
	506,148	85,721

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Computer Equipment $	Assets under construction[1] $	Equipment[2] $	Total $
Balance at 1 July 2022	-	-	-	-
Additions	3,195	82,561	-	85,756
Depreciation expense	(35)	-	-	(35)
Balance at 1 July 2023	3,160	82,561	-	85,721
Additions	-	20,962	400,000	420,962
Depreciation expense	(535)	-	-	(535)
Balance at 31 Dec 2023	2,625	103,523	400,000	506,148

[1] Assets under construction relates to establishment costs related to the Leupane Energy and Industrial Park & Serowe Energy Hub.

[2] Equipment purchased during the period relates to flow testing and monitoring equipment acquired by way of 4,444,444 ordinary shares with a deemed fair value of $400,000. As at 31 December 2023, this equipment was not yet ready for its intended use and as such no depreciation expense has been recognised for the half-year period.

Note 9. Non-current assets – Right-of-use assets

	Consolidated	
	31 December 2023 $	**30 June 2023 $**
Non-current assets		
Land - right-of-use	560,683	565,105
Less: Accumulated depreciation	(14,908)	(7,513)
	545,775	557,592

The Group leases land for the proposed site of the Leupane Energy and Industrial Park and the Serowe Energy Hub under agreements of between 35 to 44 years with options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated. The implicit interest rate used is 12%.

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	**Land – RoU Asset $**	**Total $**
Balance at 1 July 2022	-	-
Additions	565,105	565,105
Exchange differences	53	53
Depreciation expense	(7,566)	(7,566)
Balance at 30 June 2023	557,592	557,592
Additions	-	-
Exchange differences	(4,307)	(4,307)
Depreciation expense	(7,510)	(7,510)
Balance at 31 Dec 2023	545,775	545,775

Note 10. Current liabilities - trade and other payables

	Consolidated	
	31 December 2023 $	**30 June 2023 $**
Trade payables	277,598	277,886
Other payables	58,493	197,054
Other payables – liability for unissued funds[1]	775,000	-
	1,111,091	474,940

[1]During the period, the Company received funds for share placement funding from Directors totalling $775,000 which require shareholder approval before ordinary shares can be issued. These subscription funds are refundable until the shares are issued.

Note 11. Lease liabilities

	Consolidated	
	31 December 2023 $	30 June 2023 $
Non-current liabilities		
Lease liability - Leupane Energy and Industrial Park	428,949	421,412
Lease liability - Serowe Energy Hub	167,915	163,868
	596,864	585,280

Lease liabilities are classified as non-current due to the length of the lease being between 35 to 44 years and the impact of the time value of money.

The following are the amounts recognised in profit or loss:

	Consolidated	
	31 December 2023 $	31 December 2022 $
Depreciation expense of right-of-use assets	7,510	-
Interest expense on lease liabilities	35,533	-
	43,043	-

Note 12. Equity - issued capital

	Consolidated			
	31 December 2023 Shares	30 June 2023 Shares	31 December 2023 $	30 June 2023 $
Ordinary shares - fully paid	165,225,146	136,189,594	15,745,051	13,372,240

Movements in ordinary share capital

Details	Date	Shares	Issue price	$
Balance	1 July 2022	136,189,594	-	13,388,571
Share issue costs			-	(16,331)
Balance	30 June 2023	-	-	13,372,240
Issue of Shares	29 September 2023	8,944,444	$0.09	805,000
Issue of Shares	27 November 2023	5,833,333	$0.09	525,000
Issue of Shares for Equipment (Note 8)	27 November 2023	4,444,444	$0.09	400,000
Issue of Shares	29 December 2023	9,813,331	$0.09	883,200
Share issue costs			$0.00	(240,389)
Balance	31 Dec 2023	165,225,146		15,745,051

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Share buy-back
There is no current on-market share buy-back.

Note 13. Equity - reserves

	Consolidated	
	31 December 2023 $	**30 June 2023 $**
Foreign currency translation reserve	3,914	300
Share-based payments reserve	144,131	144,131
Options reserve	715,968	582,977
Joint venture foreign currency translation reserve	95,688	(49,649)
	959,701	677,759

Foreign currency translation reserve
The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars.

Share-based payment reserve
The reserve is used to recognise the value of performance right equity benefits provided to directors and employees as part of their remuneration. The performance rights have been valued using the Monte-Carlo Simulation method.

Options reserve
The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services. The options have been valued using the Black-Scholes method and further information can be found in Note 19.

Joint venture foreign currency translation reserve
The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars.

Movements in reserves
Movements in each class of reserve during the current financial half-year are set out below:

Consolidated	Financial asset reserve $	Options reserve $	Share based payments reserve $	Foreign currency translation reserve $	Joint venture FCT reserve $	Total $
Balance at 1 July 2022	447,564	582,977	120,000	-	-	1,150,541
Revaluation - gross	(147,745)	-	-	-	-	(147,745)
Deferred tax	192,000	-	-	-	-	192,000
Share based payments	-	-	24,131	-	-	24,131
Disposal of investment	(491,819)	-	-	-	-	(491,819)
Foreign currency translation	-	-	-	300	(49,649)	(49,349)
Balance at 30 June 2023	-	582,977	144,131	300	(49,649)	677,759
Options issued – Lead Managers (Note 19)	-	132,991	-	-	-	132,991
Foreign currency translation	-	-	-	3,614	145,337	148,951
Balance at 31 December 2023	-	715,968	144,131	3,914	95,688	959,701

Note 14. Equity - dividends

There were no dividends paid, recommended or declared during the current or previous financial half-year.

Note 15. Financial instruments

Financial risk management objectives
The Group's activities expose it to a variety of financial risks: market risk (including price risk). The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the Group and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the Group's operating units.

Liquidity risk
Vigilant liquidity risk management requires the Group to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The Group manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Fair value of financial instruments
Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

Note 16. Key management personnel disclosures

Directors
The following persons were Key Management Personnel of Botala Energy Ltd during the financial half-year:

Wolf Gerhard Martinick	Director and Chairman
Kris Francis Martinick	Chief Executive Officer
Craig Basson	Director, Chief Financial Officer and Company Secretary
Peter Desmond Grant	Non-executive Director

Compensation
The aggregate compensation made to Directors and other members of key management personnel of the Group is set out below:

	Consolidated	
	31 December 2023 $	**31 December 2022 $**
Short-term employee benefits	280,415	290,000
IPO STI Cash incentive	-	150,000
Share-based payments	-	-
	280,415	440,000

Short-term employee benefits relate to director and consulting fees settled in cash.

IPO STI Cash incentive relates to one-off short-term cash incentive bonus being paid on achievement of ASX admission occurring on or before 31 December 2023.

There were no share-based payments in the current period.

Note 17. Related party transactions

Parent entity
Botala Energy Ltd is the parent entity.

Joint ventures
Interests in joint ventures are set out in note 18.

Key management personnel
Disclosures relating to key management personnel are set out in note 16.

Receivable from and payable to related parties
The following balances are outstanding at the reporting date in relation to transactions with related parties:

	Consolidated	
	31 December 2023 $	**30 June 2023 $**
Current receivables:		
Earn-in paid to date to Sharpay Enterprises (Pty) Ltd[1]	7,975,122	6,309,737

Terms and conditions
All transactions were made on normal commercial terms and conditions and at market rates.

[1]Forms part of the investment in the joint venture.

Note 18. Interests in joint ventures

Interests in joint ventures are accounted for using the equity method of accounting. Information relating to joint ventures that are material to the Group are set out below:

Name	Principal place of business / Country of incorporation	Ownership interest 31 December 2023 %	Ownership interest 30 June 2023 %
Sharpay Enterprises (Pty) Ltd	Botswana	70.00%	70.00%

Summarised financial information

	31 December 2023 $	30 June 2023 $
Summarised statement of financial position		
Current assets	28,164	41,311
Non-current assets	8,302,318	6,551,519
Total assets	8,330,482	6,592,830
Current liabilities	9,291,533	6,855,890
Total liabilities	9,291,533	6,855,890
Net (liabilities)	(961,051)	(263,060)
Summarised statement of profit or loss and other comprehensive income		
Other revenue	446	-
Other expenses	(708,472)	(636,008)
Loss before income tax	(708,026)	(636,008)
Other comprehensive (loss)/income	207,624	(70,927)
Total comprehensive (loss)/income	(500,402)	(706,935)

Note 19. Share-based payments

The details of the share-based payments provided for the half-year period to 31 December 2023 are:

- On 27 November 2023, the Company issued 4,444,444 ordinary shares, valued at $0.09 per share, pursuant to the terms of the purchase agreement for equipment to be used for flow testing and monitoring. Refer to Note 8 for further details.

- During the half-year period, 3,694,444 options to lead managers for capital raising services rendered. The grant date of the options was 22 November 2023 being the date of shareholder approval and each option has a fair value of $0.036. A total charge of $132,991 has been expensed through equity as the lead manager services were directly attributable to the capital raising.

  Share based payments – options expensed for period including share issue costs applied against capital raised

	Lead Manager Options
Number Issued	3,694,444
Exercise Price	$0.135
Expiry Date	31/12/2025
Grant Date	22/11/2023
Volatility (%)	89.6%
Risk Free Rate (%)	3.67%
Underlying Fair Value on Grant Date	$0.036
Total Fair Value ($) – Life of Options	$132,991
Total Fair Value ($) – expensed to 31 Dec 2023	$132,991

- During the period, 14,777,777 free-attaching options were issued to shareholders who were issued shares as part of the share placement. These options are exercisable at $0.15 each and expire on 31 December 2025.

Note 20. Events after the reporting period

The following matters were announced to the market subsequent to the end of the period:

- Environmental approval for the development of CBM was granted by the Department of Environment in January 2024.
- Coring and desorption testing programme commenced on Project Pitse in February 2024, with the geophysics campaign for three exploration wells completed.
- On 23 January 2024, A$375,000 was receipted by the Company for a share capital application totalling A$750,000, with the remaining A$375,000 being receipted on 8 March 2024.

No other matter or circumstance has arisen since 31 December 2023 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes give a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the financial half-year ended on that date; and

- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of Directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the Directors

____
Wolf Gerhard Martinick
Executive Chairman

12 March 2024

INDEPENDENT AUDITOR'S REVIEW REPORT

To the Members of Botala Energy Ltd

Report on the Condensed Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Botala Energy Ltd ("the Company") and its controlled entities ("the Group"), which comprises the condensed consolidated statement of financial position as at 31 December 2023, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half-year ended on that date, selected explanatory notes, and the directors' declaration, for the Group comprising the Company and the entities it controlled at the half-year end or from time to time during the half-year.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Botala Energy Ltd does not comply with the *Corporations Act 2001* including:

(a) giving a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the half-year ended on that date; and
(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's responsibilities for the review of the financial report* section of our report. We are independent of the company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards*) (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial report, which indicates that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Responsibility of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2023 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001.*

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

Perth, Western Australia
12 March 2024

B G McVeigh
Partner